

To the Members of the California State Assembly:

I am returning Assembly Bill 2784 without my signature.

The 2008-09 budget contained provisions that will protect the state's Selective Provider Contracting Program by incentivizing hospitals to enter into contracts for inpatient Medi-Cal services. Inpatient hospital rates are the fastest growing cost in the Medi-Cal program and the state must ensure it obtains the best rates while also maintaining access to critical services for beneficiaries.

This bill would diminish those contracting incentives and increase costs to the state. I would suggest that the Legislature work with the Department of Health Care Services and the California Medical Assistance Commission to craft more targeted language to address the problem of hospital access in specific rural areas.

For this reason, I am unable to support this bill.

Sincerely,

Arnold Schwarzenegger